

STATE OF ARIZONA

CITIZENS CLEAN ELECTIONS COMMISSION

MUR: No. 04-0066

STATEMENT OF REASONS OF EXTERNAL INVESTIGATIVE CONSULTANT

On behalf of the Citizens Clean Elections Commission ("Commission"), the External Investigative Consultant hereby provides the Statement of Reasons showing reason to believe violations of the Citizens Clean Elections Act ("Act") and Commission rules have occurred.

I. Procedural Background

On March 15, 2005, Patrick Meyers ("Complainant") filed a complaint against Cameron Udall ("Respondent"), a participating candidate for State Senator, District 5, alleging 17 violations of the Act by respondent. Exhibit A. By letters dated March 29, April 14, May 12 and June 17, 2005, Respondent responded to the complaint providing supporting documentation and explanations concerning campaign expenditures and campaign finance reports. Exhibit B. Respondent's campaign finance report for the 2004 election cycle is attached. Exhibit C.

II. Alleged Violations

The violations of the Act alleged in the complaint can be grouped into three categories for purposes of analysis.

First, six expenditures (Items 1, 2, 5, 15, 16 and 17 of the complaint) are alleged to violate the Act's \$110 limit and question whether payments were made directly to the vendors of goods and services. The expenditures were not, however, made from petty cash, so the \$110 limit did not apply to them, and they appear to be adequately reported. Therefore, there is no reason to believe violations of the Act occurred as alleged.

Second, two expenditures (Items 7 and 14 of the complaint) are alleged to be payments other than directly to the vendor providing goods and services to the campaign. Respondent has explained that the expenditures were payments to a credit card issuer for motel lodging on overnight campaign trips in her large, rural district. Neither the Act nor Commission rules disallows the use of credit cards by campaign committees, and while the better practice would have been to note the motel, its city, and the dates of the stay in the campaign finance report, the detail that was furnished appears sufficient to overcome any reason to believe violations of the Act occurred.

Third, the remaining allegations (Items 3, 4, 6, 8, 9, 10, 11, 12 and 13 of the complaint) all entail expenditures to Fifty Plus One, a campaign consulting and

management firm, for mailers, phone bank, radio or television time, etc. In her initial campaign finance reports, Respondent identified the expenditures but did not identify the actual vendors of goods or services obtained or their quantities or costs. Of the \$63,300.00 spent in total by the campaign, \$49,265.07, or 78% of the total, was expended to or through Fifty Plus One without the disclosures the Act requires. Respondent has been afforded the opportunity to obtain from the campaign firm the necessary information and amend her campaign finance report so that it contains the required information, but she has taken no action to comply. At this point, there is reason to believe that a violation of the Act exists.

III. Reason to Believe Finding

Based on the complaint, Respondent's responses and Respondent's campaign finance report, the External Investigative Consultant recommends the Commission find reason to believe violations of the reporting requirements of Section 16-948 (C) of the Act occurred as detailed above.

If the Commission determines by an affirmative vote of at least three of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify Respondent of the finding setting forth: (1) the sections of the statute or rule alleged to have been violated; (2) the alleged factual basis supporting the finding; and (3) an order requiring compliance within fourteen days. During that period the Respondent may provide an explanation to the Commission, comply with the order, or enter into a public administrative settlement. A.R.S. Sec. 16-957(A) and A.A.C. R2-20-208(A).

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). Upon expiration of the fourteen days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. Sec. 16-942, unless the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. Sec. 16-957(B).

Dated this 31st day of August, 2005

By: 

L. Gene Lemon, External Investigative Consultant